

Suggested Options For Use of Local 2060 Funds in Clark County

USES

Based on the 1/27/03 discussion with 45 Clark County stakeholders, **Common Ground** has crafted several options for consideration. Each option includes at least the three top priorities of the stakeholders:

- Purchase of bonds to purchase land for future construction of housing for people under 50% AMI.
- Capital dollars for new construction or acquisition and rehab of transitional or permanent housing.
- Operating/service dollars to replace or enhance services in emergency shelters and youth shelters.

The options were developed using the following principles:

- Address Clark County housing priorities
- Ensure flexibility
- Leverage other resources
- Maintain critical services for the homeless

Option 1

Split the available resources, each year, into three pots:

1. 30% to purchase bond to acquire land for future development of housing for households under 50% AMI (or as part of a mixed income development where purchase is limited to land which supports units affordable to households under 50% AMI).
2. 30% for other capital costs including acquisition and rehab, new construction of permanent or transitional housing for low income people.
3. 40% for operations and service costs at emergency shelters, youth shelters, transitional housing, or permanent housing serving people whose incomes are less than 30% AMI. Awards would be made in two-year increments with reapplication for subsequent two-year cycles based on performance.

*A variation on this option would be to have one pot with the 30/30/40 percentages as targets (rather than three pots with fixed amounts).

Option 2

Split the available resources, each year, into two pots:

1. the CAPITAL pot would include the following uses, in **no priority** order:
 - a. purchase bond to acquire land for future development of housing for households under 50% of median (or as part of a mixed income development where purchase is limited to land which supports units affordable to households under 50% AMI)

- b. costs associated with the acquisition and rehab of property for transitional or permanent housing for households under 50%AMI
 - c. costs associated with new construction of housing for households under 50%AMI (eligible use as long as the Clark County vacancy rate does not exceed 10%)
 - d. inclusionary zoning incentives for private for profit and non profit developers of housing for people under 50% AMI. Examples are offsets of impact fees/other regulatory costs or restrictions.
- 2. ongoing operating/service dollars would never exceed 50% of the total funds available and would be considerably lower initially. Funds would be awarded for a 2 year period and subject to renewal based on performance. Eligible uses would be, in no priority order:
 - a. operating or service costs at emergency shelters
 - b. operating or service costs at youth shelters
 - c. operating or service costs at transitional housing for those residents with incomes less than 30% AMI
 - d. operating or service costs at permanent supportive housing for those residents with incomes under 30% AMI
 - e. default prevention services for households at or below 50% AMI

Option 3

There would be one pot of money each year. It would fund only proposals that were performing well or feasible/meet prudent underwriting criteria in the following rank order:

- 1. maintain existing, and performing, emergency shelter services, youth shelter services, or transitional housing services
- 2. fund acquisition and rehab housing that is permanently affordable to households at or below 50%AMI
- 3. purchase bonds for capital to purchase land for future development of housing permanently affordable to households at or below 50%AMI.
- 4. fund new construction of transitional or permanent housing permanently affordable to households under 50%AMI (assume Clark County vacancy rate at time of award is under 10%)
- 5. fund operating or service costs of new shelters, transitional housing, or permanent supportive housing for households at or below 30%AMI.

RELATED ISSUES

- 1. Timeframe for review of priorities
 Priorities for distribution of Clark County 2060 funds should be reviewed on a predictable schedule. Selection of the most appropriate timeframe should consider a balance of maintaining some predictability for potential applicants, allowing priorities to shift to reflect changing needs, and allowing actual demand to impact priorities. Options to initiate discussion are:

- a. Every 2 years: minimum time defensible
- b. Every 5 years: link to 5 year consolidated plan process??
- c. Every 10 years: link to new census data??

2. Administrative Costs

The 2060 legislation creating a dedicated source of funds for housing is silent on administration. It does not prohibit the use of funds for administration nor does it encourage or define eligible administrative costs. The administrative entity will have costs associated with establishing priorities, managing the selection process, negotiating and managing contracts, reporting performance to elected officials. If a bond purchase is included in the priorities there will also be costs associated with its purchase and with the distribution of funds to purchase land.

Options to initiate discussion are:

- a. 0: assumes all costs incurred for the administration of funds are covered by other sources (NOTE: currently there is no other funding sources available.)
- b. 4%: the administrative cap for state Housing Trust Fund. The state uses this figure for administration of state portion of 2060 funds. In Clark County that is estimated to be approximately \$30,000 annually
- c. 5%: suggested as an option at our 1/27 stakeholders meeting In Clark County, that is estimated to be approximately \$37,500
- d. 10%: the federally established administration cap for the administration of HOME and CDBG programs. In Clark County that is estimated to be approximately \$75,000.